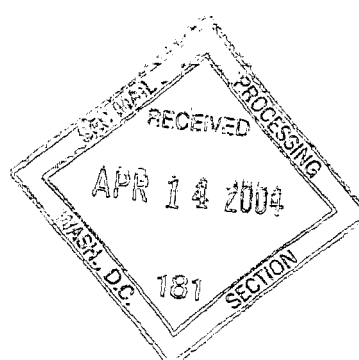




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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III



SEC FILE NO.

8-51722

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER

CMG INSTITUTIONAL TRADING, LLC

Office Use Only

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

123 NORTH WACKER DRIVE, SUITE 810

(No. and Street)

CHICAGO

(City)

ILLINOIS

(State)

60606

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

BRADFORD R. DOOLEY, CPA

312-939-0477

(Area-Code-Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

RAPACZ, LINDA CAROL

(Name - if individual, last, first, middle name)

13844 SOUTH MAPLE AVENUE

(Address)

ORLAND PARK

(City)

ILLINOIS

(State)

60462-1628

(Zip Code)

CHECK ONE:

☒
☐
☐

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions

PROCESSED

APR 28 2004

THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

* Claims for extensions from the requirements that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17x-5(e)(2).

104254

OATH OF AFFIRMATION

I, SHAWN D. BALDWIN, swear (or affirm) that to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertaining to the firm of

CMG INSTITUTIONAL TRADING, LLC as of

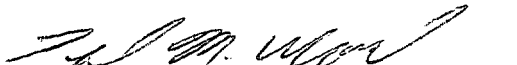
DECEMBER 31, 2003, are true and correct. I further swear (or affirm) that neither the Company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

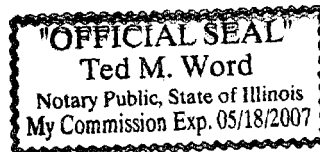
MANAGING MEMBER

Title

Subscribed and sworn to before me this 15th day of April, 2004



Notary Public



This report contains (check all applicable boxes):

- ☒ (a) Facing page.
 - ☒ (b) Statement of financial condition.
 - (c) Statement of income (loss).
 - (d) Statement of cash flows.
 - (e) Statement of changes in stockholders' equity or partners' or sole proprietor's capital.
 - (f) Statement of changes in liabilities subordinated to claims of general creditors.
 - (g) Computation of net capital for brokers and dealers pursuant to Rule 15c3-1.
 - (h) Computation for determination of reserve requirements pursuant to Rule 15c3-3.
 - (i) Information relating to the possession or control requirements for brokers and dealers under Rule 15c3-3.
 - (j) A reconciliation, including appropriate explanation, of the computation of net capital Under Rule 15c3-1 and the computation for determination of the reserve requirements under exhibit A of Rule 15c3-3.
- A reconciliation between the audited and unaudited statements of financial condition with respect to methods of consolidation.
An oath or affirmation.
A copy of the SIPC supplemental report.
A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
Independent auditor's report on internal accounting controls.
Schedule of segregation requirements and funds in segregation – customers' regulated commodity futures account pursuant to rule 171-5.

s of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CMG INSTITUTIONAL TRADING, LLC
(an Illinois Limited Liability Company)

STATEMENT OF FINANCIAL CONDITION
AND INDEPENDENT AUDITOR'S REPORT
PURSUANT TO RULE 17a-5 (d)
DECEMBER 31, 2002

LINDA C. RAPACZ
CERTIFIED PUBLIC ACCOUNTANT
13844 SOUTH MAPLE AVENUE
ORLAND PARK, ILLINOIS 60462-1628
(708) 403-1999 FAX (708) 403-1428

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT

Members
CMG Institutional Trading, LLC
Chicago, Illinois

I have audited the accompanying statement of financial condition of CMG Institutional Trading, LLC as of December 31, 2002. This financial statement is the responsibility of the Company's management. My responsibility is to express an opinion on this financial statement based upon my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of CMG Institutional Trading, LLC as of December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.



February 26, 2003

CMG INSTITUTIONAL TRADING, LLC
(an Illinois Limited Liability Company)
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2002

A S S E T S

CURRENT ASSETS

Cash in Bank	\$ 6,480
Due from Broker	<u>17,299</u>
Total Current Assets	\$ 23,779

OTHER ASSET

Due From Affiliate (Notes 5 and 6)	<u>22,004</u>
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TOTAL ASSETS	\$ <u>45,783</u>
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LIABILITIES AND MEMBER'S CAPITAL

LIABILITIES	\$ -
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MEMBER'S CAPITAL

Member's Capital	\$ 11,951
Net Income for the Year	<u>33,832</u>
Total Member's Capital	<u>45,783</u>

TOTAL LIABILITIES AND MEMBER'S CAPITAL	\$ <u>45,783</u>
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The accompanying notes to the financial statements
are an integral part of this statement.

CMG INSTITUTIONAL TRADING, LLC
(an Illinois Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS

CMG Institutional Trading, LLC (the Company) was organized in Illinois in December, 2001, and amended on March 25, 2002. The amendment changed the Company's name. The Company's predecessor was MuniDirect.com, Inc., The Company is registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company's principal activity is providing institutional brokerage and investment services.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Recognition of Income

Income is derived from the commissions, brokerage fees and investment service fees charged. Income is recognized when earned in compliance with generally accepted accounting principals.

Income Taxes

The Company's net income and losses flow through directly to its member's tax return. Therefore no federal or state income taxes are reflected herein.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, that are not held for sale in the ordinary course of business.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Company will engage in various brokerage activities in which counterparties will primarily include broker-dealers, clearing firms and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

CMG INSTITUTIONAL TRADING, LLC
(an Illinois Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2002

NOTE 4 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). The Company is required to maintain "adjusted net capital" equivalent to \$5,000 or one eighth of aggregate indebtedness, whichever is greater, as these terms are defined. At December 31, 2002 the Company had net capital and net capital requirements of \$23,779 and \$5,000 respectively. The ratio of aggregate indebtedness to net capital was 0%. The net capital requirement may restrict the payment of dividends or the withdrawal of equity.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Company's administrative expenses have been paid by an affiliated company. The Company's member is also a member of this related affiliate. As of December 31, 2002 the Company is due \$22,004 from this affiliate and has no accounts payable due to this affiliate.

NOTE 6 - SUBSEQUENT EVENTS

The Company has subsequently undergone examination by the National Association of Securities Dealers, Inc. and the Securities and Exchange Commission. These regulatory bodies determined that the member's 2002 capital contributions did not qualify as such and monies paid to an affiliated company actually constituted advances to that affiliate.
